

**North Atlantic Regional Medical Command**

**Walter Reed Army Medical Center**

***MANAGEMENT CONTROL PROCESS (MCP)***



***MCP TRAINING BRIEF***



***March 2007 Edition***

## **MCP TRAINING BRIEF**

**PURPOSE:** This training brief is designed to provide Commanders, Management Control Administrators, and managers at all levels with a general overview of the Management Control Process (MCP) and how it operates within the OTSG/MEDCOM.

**Note:** *Although we only refer to Commander within this training brief, the term Director, Manager, Chief, Etc., should be substituted for Commander where appropriate.*

1. **Why do this?** It is required by law! Public Law 97-255, Federal Managers' Financial Integrity Act of 1982 establishes the requirements for the Management Control Process (MCP). The Office of Management and Budget (OMB) further defines the requirements in OMB Circular A-123. The Department of Defense (DoD) and the U.S. Army use Army Regulation 11-2 (AR 11-2), Management Control, to implement the requirements of the law. In addition, the Assistant Secretary of Defense for Health Affairs has established a Defense Health Program (DHP) MCP to complement the Army MCP employed throughout the OTSG/MEDCOM. The MCP is mandatory for every organization. Presently no organization within the U.S. Army or the OTSG/HQ, MEDCOM is exempt from the requirements of AR 11-2. This includes DoD activities where the Army is the "executive agent."

2. **Who cares?** The MCP is of keen interest to Congress, DoD and at the Army secretariat level. Plus, the collapse of several high profile public companies in recent years resulted in passage of the Sarbanes-Oxley Act that now requires public companies to report on their internal controls similar to the requirements imposed on us by the Army and the DHP MCP. The Surgeon General/MEDCOM Commander has also expressed a firm commitment to having an effective MCP throughout the Army Medical Department. Furthermore, each year the U.S. Army Audit Agency (USAAA) reviews the MCP at randomly selected Major Army Commands (MACOM's) and their subordinate activities. USAAA then reports the audit results to the Secretary of the Army. Therefore, failure on our part to effectively operate the MCP will send the wrong message to our leadership--that Army medicine is not committed to effective management controls or responsible stewardship of our resources. We must take credit for what we have been doing and continue to do in respect to management controls. We do not want our budget or personnel strength adversely affected because we did not send the right message to our leadership when operating our MCP.

3. **Any benefits?** Yes! You basically have two choices on how to operate your MCP. You can do it right and use the MCP to add value to your office, or, you can make the MCP a "paper-drill" and waste resources. To improve your operations you must perform self-evaluations required by regulations and perform DHP MCP risk assessments. The evaluations provide feedback on the effectiveness of management controls providing you the opportunity to make adjustments within your control or to seek help in resolving problems. Failure to do so allows ineffective and inefficient programs and processes to flourish costing you precious resources and possible mission failure. However, if you make the MCP a part of your operations, it can only add value by helping you to identify and improve those operations and processes not operating in the most effective and efficient manner. Furthermore, the MCP is the Army's official reporting and tracking vehicle that is used to carry the message to our top leadership when major problems (material weaknesses) prevent us from doing the job the right way. How many times have you heard someone say, "Why doesn't somebody at the top fix this problem?" The MCP requires us to report material weaknesses and

track the weaknesses until corrective actions are completed. On the other hand, if no one reports problems, the risk increases that corrective action will not happen because the right people are not informed and there is no official mechanism to track the corrective actions until they're completed. The MCP is another management tool to help minimize risk.

4. **Who's responsible?** The Army program manager for the MCP is the Assistant Secretary of the Army (Financial Management and Comptroller) (ASA (FM&C)). The Tricare Management Activity (TMA) manages the Defense Health Program (DHP) MCP for the Office of the Assistant Secretary of Defense (Health Affairs). The NARMC/WRAMC Internal Review and Audit Compliance Office (IRACO) is responsible for management of the Army and DHP Management Control Programs for NARMC and WRAMC. The NARMC/WRAMC MCP program manager (Management Control Administrator) resides within the IRACO. However, primary responsibility for execution of the MCP rests with commanders designated as assessable unit managers (AUM's). Yet, the real "nuts and bolts" MCP work is done by managers at all levels since they perform evaluations of their operations, report material weaknesses to their Commanders and provide their Commanders assurance about their operations. MCA's play a critical role as a facilitator of the MCP to ensure that what should get done actually does get done. Each Commander must ensure that an MCA is appointed to operate the MCP. However, managers at every level are responsible for ensuring that they have effective management controls and many managers will be involved in performing MCP evaluations required by regulations or risk assessments required by the DHP Management Control Program. Plus, all managers must be aware of the MCP so they will know to report any material weaknesses in their operations.

5. **How will we operate the MCP?**

a. **Organization.** The NARMC/WRAMC is broken down into MCP assessable units, functional units and assessable subunits. Enclosure 3 shows a listing of assessable units under NARMC and functional units and assessable subunits under the NARMC/WRAMC command. Each assessable unit and functional unit is required to perform Army required MCP mandatory evaluations, as scheduled in their Management Control Process Five-Year Plan, report material weakness, and submit an annual statement of assurance on management controls through the IRACO to their respective Commander at the next higher command level.

b. **Training.** The Assessable Unit Manager and the MCA of each assessable unit are responsible for providing/arranging MCP training and maintaining training records. The MCP Handbook provides information about MCP training resources and recommends the type of MCP training for personnel. You may download a copy of the MCP Handbook by visiting the Management Control section of the AMEDD Internal Review website at: [www.cs.amedd.army.mil/ameddir/](http://www.cs.amedd.army.mil/ameddir/) (Note: To access the site you will be prompted for your Army Knowledge Online (AKO) Username and Password.)

c. **Program Execution.** Each assessable unit is required to develop a Five-year MCP Evaluation plan for performing evaluations required by regulations. In addition, annually each assessable must develop a Risk Assessment Plan for performing required DHP MCP risk assessments. Each assessable unit must report material weaknesses and submit an annual statement of assurance on management controls from the respective Assessable Unit Manager (Commander) to the next higher command level. The OTSG/MEDCOM MCA will issue a tasker each year to Major Subordinate Commands (MSCs), for the annual statement that includes reporting instructions, report format and a sample annual statement. MSCs in-turn will issue a tasker for the

annual statement to their subordinate activities designated as NARMC assessable units and NARMC/WRAMC functional units.

d. **Proponents of Regulations.** OTSG and some MEDCOM organizations are proponents of Army Regulations or Department of Defense regulations and must comply with the requirements in AR 11-2. All Army organizations and activities are subject to the requirements in AR 11-2. No one is exempt. The OTSG/MEDCOM MCA has developed a guide entitled "Developing Management Control Evaluations for Regulations" to help simplify this task. Department of the Army will not approve publication of any regulation until the requirements in AR 11-2 are met and presented correctly in the regulation. The guide for writing evaluations in regulations is included in the MCP Handbook and you may download a copy from the Management Control section of the IRACO website at [www.cs.amedd.army.mil/ameddir/](http://www.cs.amedd.army.mil/ameddir/). (Note: To access the site you will be prompted for your Army Knowledge Online (AKO) Username and Password.) All new or revised regulations should be staffed through the OTSG/MEDCOM MCA. We recommend you contact the OTSG/MEDCOM MCA early in the regulation development/revision process.

6. **What guidance will we follow?** AR 11-2, Management Control, and annual instructions provided by the NARMC/WRAMC IRAC office to each reporting activity (assessable unit and functional unit). This guidance will include instructions for conducting mandatory evaluations and preparing annual statements of assurance on management controls.

7. **What's a material weakness--something to do with supply?** Yes and no! A material weakness (serious problem) can affect not only supply, but also many other different kinds of operations or processes within your organization, such as civilian time and attendance records, property book accountability and purchases made with the Army Purchase Card. Also, performing the planned procedure on the proper patient, and ensuring that medical professionals are qualified board certified to practice. Therefore, no operation or process is exempt from the MCP or reporting a material weakness. To be considered material, a weakness must meet two conditions:

- It must involve a deficiency in management controls (i.e., management controls are not in place, are not being used or are inadequate), **and**
- It must warrant the attention of the next level of command, either because the next level must take action or because it must be made aware of the problem.

Think about a weakness as a big problem you don't want your boss to hear about from somebody else. **If you have a problem and you're not sure if it is a material weakness, immediately contact your MCP Administrator. Your MCP Administrator will help you get the right people involved to assess the magnitude of the problem.** Immediately report material weaknesses when it is detected so corrective action can begin. Later you can report the current status of the weakness as an enclosure to the Annual Statement of Assurance on Management Controls. When reporting the weakness to the next command level you must also recommend whether or not the next command level should report the weakness to their next command level. Ultimately it is their decision about whether to report the weakness to the next command level based on whether or not they believe it is significant enough at their level, but you must still make a recommendation. Especially in cases when you are reporting the weakness for purposes of awareness. Ultimately, the NARMC/WRAMC headquarters staff offices will evaluate weaknesses reported by assessable units. They will decide what material weaknesses to recommend that the Surgeon General/MEDCOM Commander report in the annual statement to the

Secretary of the Army. Remember too that resource deficiencies in themselves are not management control weaknesses. Resources allocation involves difficult, critical decisions that are ultimately made by the Army's senior leadership and the senior leadership of your command. Reporting resource deficiencies, as material weakness should not be used as a "back door" approach for challenging previously made leadership decisions on resource allocation. While commanders and managers can always try to increase their share of the budget through the budgeting process, the management control challenge is to find a way to accomplish the mission within the available resources. If there is a mismatch between mission and resources, the management control weakness is not inadequate resources but is a management process that is out of line with current fiscal realities.

**8. *What MCP responsibilities do managers at all levels have?***

- Read the MCP Training Brief.
- Complete evaluations and risk assessments according to the Five-year MCP Evaluation Plan and Risk Assessment Plan respectively.
- Report material weaknesses in operation when discovered no matter how the weaknesses were found.
- On an annual basis, provide reasonable assurance to supervisor that management controls for your operational area of responsibility are working as intended or qualify your assessment by reporting on material weaknesses.

**9. *What MCP responsibilities do Commanders (assessable unit managers and assessable subunit managers) typically have?*** See enclosure 1.

**10. *What responsibilities do the Management Control Administrators (MCA's) typically have?*** See enclosure 2.

**11. *As a Commander or manager at any level, what education/training is necessary?*** At minimum, all managers should read this training brief. All key managers should also arrange with their MCA to view the Management Control Tool Box-CD, which has training videos and examples of MCP failures. Once you've read this training brief and/or viewed the Management Control Tool Box-CD, please inform your MCA via email accordingly. The type and extent of training you will need depends on your level of involvement in the MCP. The MCP Handbook provides recommended training based on your MCP responsibilities. Your MCA will help you assess your training needs. Always inform your MCA about any MCP training you've had because the MCA is responsible for tracking and reporting MCP training completed. For example, your MCA may ask for copies of training certificates or other documents as evidence of completed training since your MCA is required to maintain evidence of training completed.

12. **Who is the OTSG/MEDCOM MCP Administrator?**

- Name: Tim E. Fannin
- Office: OTSG/MEDCOM Internal Review and Audit Compliance Office
- Phone: DSN 471-7120 or Commercial (210)221-7120

13. **Who are NARMC/WRAMC MCP Administrators?**

- Name: Linda Herndon and Sharnea Stinger
- Office: NARMC/WRAMC Internal Review and Audit Compliance Office, Bldg 1, Room A-225 & A-229
- Phone: DSN 662-3328/3304 or Commercial (202) 782-3328/3304

**Special Note:** We encourage you to visit the Management Control section of the ASA(FM&C) web-site at <http://www.asafm.army.mil/fo/fod/mc/mc.asp>. You'll find some very useful MCP information.

**COMMANDER'S  
GENERAL MCP RESPONSIBILITIES**

**(Note: Although we only refer to "Commander" within this training brief, the term Director, Manager, Chief, etc. should be substituted for Commander where appropriate.)**

1. **Appoint a Management Control Administrator (MCA)** for your organization (assessable unit) and ensure the MCA receives appropriate MCP training. The MCA should be a self-starter, experienced in their field or specialty and possess a good knowledge of the organization as a whole. The MCA should contact the OTSG/MEDCOM MCA (see page 5) to obtain MCP training information when appointed. We recommend you include MCP responsibilities in the MCA's performance standards. (See example in MCP Handbook.)
2. **Provide the leadership and support** needed to ensure you have an effective MCP. Methods to accomplish this are illustrating your emphasis for the MCP through memorandums and staff meetings by expressing commitment to the MCP along with expectations of your staff. Encourage managers to perform MCP evaluations and risk assessments when scheduled and to report all material weaknesses. Ensure your performance standards include MCP responsibilities as required by AR 11-2. (See example in MCP Handbook.)
3. **Review the MCP Training Brief** (15 minutes) and **view the Management Control Tool Box-CD**. Encourage all of your managers to review the training brief and all key managers to also view the Management Control Tool Box-CD. All managers must be educated about the MCP for it to be successful and add value to your operations.
4. **Ensure the Five-year MCP Evaluation Plan and Risk Assessment Plan are updated annually and that evaluations and risk assessments are performed when scheduled**. The Five-year MCP Evaluation Plan is used to schedule all MCP evaluations required by regulations. The Risk Assessment Plan is used to schedule risk assessments required by the DHP MCP. The MCA usually maintains the evaluation plan and risk assessment plan and tasks offices within the organization to update their segment of the plan annually. Most evaluations and risk assessments are self-evaluations/risk assessments performed by the functional experts within your organization. For each evaluation/risk assessment performed, required documents must be prepared as prescribed in the MCP Handbook.
5. **Submit an "Annual Statement of Assurance on Management Controls"** each year to the next higher command level with your opinion about whether or not you have reasonable assurance that management controls in your organization are in place and working effectively. Your statement must also include the basis for your assessment to support your overall opinion. The OTSG/MEDCOM MCA will provide annual statement reporting instructions along with samples each year to major subordinate commands, MEDCOM Health Care Acquisition Activity and AFIP. However, there is a sample statement in the MCP Handbook.
6. **Report material weaknesses** (e.g., major problems) in your Annual Statement of Assurance on Management Controls to the next higher command level. When reporting weaknesses to your next higher command level, you must recommend whether or not they should report the weaknesses to their next higher command and why. You will also have to evaluate material weaknesses reported to you by your subordinate activities and determine whether to report them to the next higher command level. (Note: This is why all managers must be educated about the MCP so they will know how to identify and report material weaknesses.)
7. **Comply with AR 11-2 when publishing regulations**. If your organization is the proponent of any Department of Defense regulation as the Executive Agent, or, any Army regulation, ensure that the procedures are followed in the guide for "Developing Management Control Evaluations for Regulations" (See the MCP Handbook). The Army will not publish regulations if the requirements in AR 11-2 are not met. The guide will help you accomplish this task. No Army or DoD function within the Army's control is exempt from any of the requirements in AR 11-2.

**Encl 1**

**MCP ADMINISTRATOR'S (MCA)  
GENERAL MCP RESPONSIBILITIES**

1. Continually, **advise the Commander** on the implementation and status of the management control process and ensure the commander's performance standards include MCP responsibilities.
2. **Keep managers** at all levels within your organization **informed** on management control matters.
3. **Identify the MCP training requirements for your organization and arrange/provide that training.** The MCP Handbook provides information about training resources. All managers must be educated about the management control process in general and specifically how to recognize and report material weaknesses in operations. We recommend you distribute the MCP Training Brief to all managers. We also recommended you ensure that all key managers and MCP personnel view the Management Control Tool Box-CD. In addition, you must maintain training records and report training statistics in your annual statement as shown in the annual statement sample within the MCP Handbook.
4. **Ensure the Five-year MCP Evaluation Plan and Risk Assessment Plan are updated annually and that evaluations and risk assessments are performed when scheduled.** The Five-year MCP Evaluation Plan is used to schedule all MCP evaluations required by regulations. The Risk Assessment Plan is used to schedule risk assessments required by the DHP MCP. The MCA usually maintains the evaluation plan and risk assessment plan and tasks offices within the organization to update their segment of the plan annually. In addition, ensure that evaluation certifications for completed evaluations are signed by the assessable unit manager (Commander). You may want all evaluation certifications routed through you so you can arrange for signature by the assessable unit manager and track completed evaluations. Evaluation and risk assessment documentation must be kept on file by the office performing the evaluation or risk assessment. Note: The results of all risk assessments performed during the year will be reported in the Risk Assessment Report that is part of the annual statement of assurance on management controls.
5. **Prepare the annual statement of assurance on management controls** for the Commander's signature based on instructions provided to you each year from OTSG/MEDCOM MCA or your next higher command level. The annual statement instructions will include an automated sample annual statement that will allow you to easily revise the sample to reflect your own operational results.
6. **Report material weaknesses** (e.g., major problems) in your operations when detected to the next higher command level in your "Annual Statement of Assurance on Management Controls." Material weaknesses must be reported using the proper format as described in the MCP Handbook. When reporting weaknesses to your next higher command level, you must recommend whether or not they should report the weaknesses to their next higher command and why. You will also have to evaluate material weaknesses reported to you by your subordinate activities and determine whether to report them to the next higher command level. *(Note: Material weaknesses are normally reported up the chain of command in the annual statements of assurance. We strongly recommend you report material weaknesses upon detection and provide an update in your annual statement.)* Each year your annual statement must include the updated status on material weaknesses previously reported as "uncorrected" until all corrective actions are completed. You must track corrective action progress on material weaknesses until corrective actions are completed and validated.
7. **Ensure compliance with AR 11-2 when publishing regulations.** If your organization is the proponent of any Department of Defense regulation as the Executive Agent or any Army regulation, ensure that the procedures are followed in the guide for "Developing Management Control Evaluations for Regulations" (See the MCP Handbook). Provide the regulation writers (functional proponents) within your organization a copy of the guide. The Army will not publish regulations if the requirements in AR 11-2 are not met. The guide will help you accomplish this task. No Army or DoD function within the Army's control is exempt from any of the requirements in AR 11-2. Copies of the guide are included in the MCP Handbook or you may contact the OTSG/MEDCOM MCA for a copy.

**Encl 2**



# ENCLOSURE 3

## North Atlantic Regional Medical Command And Walter Reed Army Medical Center Management Control Process Inventory of Assessable Units and Functional Units

#		Manager	Mil/Civ
	<b>NORTH ATLANTIC REGIONAL MEDICAL COMMAND</b>	<b>Commander</b>	<b>Mil</b>
	<i>NARMC Assessable Units</i>		
C-01	- MEDDAC - FT Belvoir	Commander	Mil
C-02	- Forensic Toxicology Drug Testing Laboratory	Commander	Mil
C-03	- MEDDAC - FT Drum	Commander	Mil
C-04	- MEDDAC - FT Knox	Commander	Mil
C-05	- MEDDAC - West Point	Commander	Mil
C-06	- MEDDAC - FT Lee	Commander	Mil
C-07	- MEDDAC - FT Meade	Commander	Mil
C-08	- MEDDAC - FT Eustis	Commander	Mil
C-09	- MEDDAC - FT Monmouth	Commander	Mil
C-10	- WAMC - FT Bragg	Commander	Mil
	<i>NARMC Functional Units</i>		
L-01	- Inspector General	Inspector General	Mil
L-02	- Center Judge Advocate	Judge Advocate	Mil
L-03	- Internal Review and Audit Compliance	Dept Chief	Civ
L-04	- Strategic Communication	Director	Civ
L-05	- Garrison Command:	Garrison Commander	Mil
L-05a	- Provost Marshal Office	Provost Marshal	Civ
L-05b	- Civilian Personnel Advisory Center	Civ Personnel Officer	Civ
L-05c	- Director of Community Activities	Director	Civ
L-05d	- Director of Public Works	Director	Civ
L-05e	- Transportation Motor Pool	Motor Pool Officer	Civ
L-05f	- Force Protection	Force Protection Officer	Civ
L-05g	- Director of Safety Health Environment	Director	Mil
L-05h	- Equal Employment Office	EEO Officer	
	- Asst Chief of Staff:		
L-06	- Personnel	ACSPER	Mil
L-07	- Operations	ACSOP	Mil
L-08	- Clinical Operations	ACSCLINOPS	Mil
L-09	- Logistics	ACSLOG	Mil
L-09a	- Facilities	Director	Civ
L-09b	- Readiness	Chief Officer	Mil
L-09c	- Property & Bio-Medical Maintenance	Med. Maint. Manager	Civ
L-09d	- Materiel Management	Systems Analyst	Civ
L-10	- Resources Management	ACSRM	Mil
L-11	- Information Management	ACSIM	Mil
L-12	- Medical Holdovers	ACSMHO	Mil

	<b>WALTER REED ARMY MEDICAL CENTER</b>	<b>Commander</b>	<b>Mil</b>
	<b><i>WRAMC Functional Units</i></b>		
R-01	- Department of Allergy Immunology Service	Dept Chief	Mil
R-02	- Department of Clinical Investigation	Dept Chief	Mil
R-03	- Department of OB/GYN	Dept Chief	Mil
R-04	- Department of Medical Admin and Operations	Dept Chief	Mil
R-05	- Department of Medicine	Dept Chief	Mil
R-06	- Department of Neurology	Dept Chief	Mil
R-07	- Preventive Medicine Office	Prev Medicine Officer	Mil
R-08	- Department of Pathology and Area Labs	Dept Chief	Mil
R-09	- Department of Pediatrics	Dept Chief	Mil
R-10	- Department of Pharmacy	Dept Chief	Mil
R-11	- Department of Orthopedic and Rehabilitation Service	Dept Chief	Mil
R-12	- Department of Psychiatry	Dept Chief	Mil
R-13	- Department of Psychology	Dept Chief	Mil
R-14	- Department of Radiology	Dept Chief	Mil
R-15	- Department of Surgery	Dept Chief	Mil
R-16	- Department of Social Work	Dept Chief	Mil
R-17	- Director of Nutrition Care	Director	Mil
R-18	- Director of Patient Administration	Director	Mil
R-19	- Department of Health Plan Management	Dept Chief	Mil
R-20	- Department of Nursing	Dept Chief	Mil
R-21	- Department of Pastoral Care	Chaplain	Mil
R-22	- Hospital Safety Office	Safety Officer	Civ
R-23	- Hospital Logistics	Dept Chief	Mil
R-23a	- Clinical Engineering	Division Chief	Civ
R-23b	- Materiel Management Division	Safety Manager	Civ
R-24	- Medical Center Brigade	Brigade Commander	Mil
R-25	-Dilorenzo Clinic, Pentagon	Commander	Mil